

STROBL & SHARP, P.C.  
Lynn M. Brimer (P43291)  
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Bloomfield Hills, Michigan 48304  
(248) 540-2300

*COUNSEL FOR PIONEER STEEL CORPORATION*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

|                               |                         |
|-------------------------------|-------------------------|
| ----- X                       |                         |
| In re                         | Chapter 11              |
| GENERAL MOTORS CORP., et al., | Case No. 09-50026 (REG) |
| Debtors.                      | (Jointly Administered)  |
| ----- X                       |                         |

**LIMITED OBJECTION OF PIONEER STEEL CORPORATION TO THE DEBTORS'  
MOTION PURSUANT TO 11 U.S.C. §§ 105, 363(b), (f), (k), AND (m), AND 365 AND  
FED. R. BANKR. P. 2002, 6004, AND 6006, TO (I) APPROVE (A) THE SALE  
PURSUANT TO THE MASTER SALE AND PURCHASE AGREEMENT WITH  
VEHICLE ACQUISITION HOLDINGS LLC, A U.S. TREASURY-SPONSORED  
PURCHASER, FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND  
OTHER INTERESTS; (B) THE ASSUMPTION AND ASSIGNMENT OF CERTAIN  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (C) OTHER RELIEF;  
AND (II) SCHEDULE SALE APPROVAL HEARING**

Pioneer Steel Corporation ("Pioneer"), by its undersigned counsel, hereby objects on a limited basis ("Objection") to the Motion of Debtors and Debtors in Possession Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006 for an Order Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases (Docket No. 92) ("363 Motion") and the Debtors' Notice of (I) Debtors' Intent to Assume and Assign Certain Executory Contracts, Unexpired Leases of Personal Property, and

Unexpired Leases of Nonresidential Real Property and (II) Cure Amounts Related Thereto, dated June 5, 2009 (the "Notice") (The 363 Motion and the Notice are collectively, the "Motion"). Pioneer objects to the Motion because it does not accurately state the Cure Amount<sup>1</sup> due to Pioneer. In further support of its Objection, Pioneer respectfully states as follows:

### **Background**

1. On June 1, 2009 ("Petition Date"), General Motors Corporation ("GM") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code ("Bankruptcy Code").

2. On June 1, 2009, GM filed the 363 Motion to (I) Approve (A) The Sale Pursuant to the Master Sale and Purchase Agreement With Vehicle Acquisition Holdings LLC, a U.S. Treasury-Sponsored Purchaser, Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) The Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Other Relief; and (II) Scheduling Sale Approval Hearing.

3. On June 2, 2009, the Court entered its Order Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006, (A) Approving Bidding Procedures for the Sale of Substantially all of the Debtors' Assets, (B) Authorizing the Debtors to Provide Certain Bid Protections, (C) Scheduling a Final Hearing Approving the Sale of Substantially All of the Debtors' Assets and (D) Approving the Form and Manner of Notice thereof [Docket Entry No. 492] (the "Order"), thereby establishing the procedure for assumption and assignment of Debtors' contracts to Purchaser.

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<sup>1</sup> Capitalized terms not expressly defined herein have the meaning ascribed to them in the Motion.

4. Debtors served Pioneer with a copy of the Notice dated June 5, 2009. Pursuant to paragraph 7 of the Notice, objections by a Non-Debtor Counterparty to one or more Assumable Executory Contracts, must be asserted within ten (10) days after the date of the Notice.

5. The website provided by Debtors in the Notice states that the aggregate amount necessary to cure all existing defaults for Assumable Executory Contracts with Pioneer, within the meaning of Section 365 of the Bankruptcy Code is \$172,885.00 (the "Debtors' Proposed Cure Amount").

#### **Limited Objection**

6. In addition to the Debtors' Proposed Cure Amount, Pioneer asserts that it is owed an additional amount not less than \$12,000.00 for certain invoices summarized on the attached Exhibit A for an aggregate total amount not less than \$184,885.00 to cure all existing defaults under the Assumable Executory Contracts as of the Petition Date (the "Pioneer Cure Amount"). The Pioneer Cure Amount does not include certain post-petition obligations due and owing from Debtors to Pioneer in furtherance of Pioneer's ongoing obligations to the Debtors.

7. Pioneer has absolutely no objection to the designation of its contracts with the Debtors as Assumable Executory Contracts.

8. Pioneer is filing this Limited Objection so as to comply with the Notice, Order and Motion and preserve its rights thereunder, but Pioneer is simultaneously engaged in business-to-business discussions with the Debtors in an effort to reconcile the cure amount differences.

9. Section 365(b)(1) of the Bankruptcy Code provides:

If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee -- (A) cures, or provides adequate assurance that the trustee will promptly cure, such default...

10. Pioneer only objects to the Motion on the following grounds:

a. the Debtors' Proposed Cure Amount is insufficient to cure all existing defaults within the meaning of Section 365 of the Bankruptcy Code; and

b. the Debtors' Proposed Cure Amount does not include Debtors' post-petition obligations to Pioneer in furtherance of Pioneer's ongoing obligations to, and performance for the Debtors.

11. Accordingly, Pioneer objects to the Debtors' Proposed Cure Amount pursuant Section 365 of the Bankruptcy Code to the extent that the Debtors' Proposed Cure Amount is less than 100% of the actual pre-petition and all post-petition obligations owed by Debtors to Pioneer.

12. Pioneer respectfully requests that the requirements of Local Rule 9013-l(b) of the Local Rules for the United States Bankruptcy Court for the Southern District of New York be deemed satisfied.

#### **Reservation of Rights**

14. Pioneer reserves the right (a) to amend, supplement, or otherwise modify this Objection and all attachments and exhibits hereto as necessary or proper; and (b) to raise such other and further objections to any proposed assumption and assignment, and/or the Cure Amount with respect to the proposed assumption and assignment of the Proposed Cure Amount.

**Conclusion**

WHEREFORE, Pioneer respectfully requests that the Court enter an Order (a) sustaining this Objection in its entirety and overruling the Motion to the extent it requests relief inconsistent with this Objection, and (b) providing Pioneer with such other and further relief as is appropriate.

Dated: June 12, 2009  
Bloomfield Hills, Michigan

Respectfully submitted,

STROBL & SHARP, P.C.

/s/ LYNN M. BRIMER

By: Lynn M. Brimer (P43291)  
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*COUNSEL FOR PIONEER STEEL CORPORATION*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

----- x  
In re Chapter 11  
GENERAL MOTORS CORP., et al., Case No. 09-50026 (REG)  
Debtors. (Jointly Administered)  
----- x

**CERTIFICATE OF SERVICE**

I, Lynn M. Brimer, hereby certify that a true and correct copy of the **Limited Objection of Pioneer Steel Corporation to the Debtors' Motion Pursuant to 11 U.S.C. §§ 105, 363(b), (f), (k), and (m), and 365 and FED. R. BANKR. P. 2002, 6004, and 6006, to (I) Approve (A) the Sale Pursuant to the Master Sale and Purchase Agreement with Vehicle Acquisition Holdings, LLC, a U.S. Treasury-Sponsored Purchaser, Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Other Relief; and (II) Schedule Sale Approval Hearing** was caused to be served by e-mail upon all parties who receive electronic notice in this case pursuant to the Court's ECF filing system, and by overnight courier to the parties so indicated on the attached service list.

Dated: June 12, 2009  
Bloomfield Hills, Michigan

/s/ LYNN M. BRIMER  
Lynn M. Brimer

General Motors Corporation  
Cadillac Bldg, 30009 Van Dyke Ave  
Warren, Michigan 48090-9025  
Attn: Warren Command Center Mailcode 480-206-114

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
Attn: Harvey R. Miller, Esq., Stephen Karotkin, Esq.,  
Joseph H. Smolinsky, Esq.

Kenneth Eckstein, Esq., Thomas Moers Mayer, Esq.,  
Gordon Novod, Esq.  
Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, NY 10036

U. S. Treasury  
1500 Pennsylvania Avenue NW  
Room 2312  
Washington, D.C. 20220  
Attn: Matthew Feldman, Esq.

Vedder Price, P.C.  
1633 Broadway 47<sup>th</sup> Floor  
New York, New York 10019  
Attn: Michael J. Edelman, Esq. Michael L. Schein, Esq.

Cadwalader, Wickersham & Taft LLP  
One World Financial Center  
New York, New York 10281  
Attn: John J. Rapisardi, Esq.

Robert D. Wolford, Esq.  
Miller, Johnson, Snell & Cumiskey, PLC  
250 Monroe Avenue, N.W. Suite 800  
Grand Rapids, MI 49503

U.S. Trustee for the Southern Dist. of New York  
Attn: Diana G. Adams. Esq.  
33 Whitehall Street 21<sup>st</sup> Floor  
New York, New York 10004

Hon. Robert E. Gerber  
United States Bankruptcy Court  
Southern District of New York  
One Bowling Green, Room 621  
New York, NY 10004-1408



7447 Intervale • Detroit, MI 48238-2488  
Tel: 313.933.9400 • Fax: 313.933.1621  
www.pioneersteel.us

June 11, 2009

Contract Objections

VIA OVERNIGHT MAIL

Debtors  
c/o General Motors Corporation  
Cadillac Building  
30009 Van Dyke Avenue  
Warren, MI 48090-9025  
Attn: Warren Command Center, Mailcode 480-206-114

To Whom It May Concern:

We hereby object to the cure amount of \$172,885.00

The amount does not include our invoice DET IV-134553 in the amount of \$12,000.00, a copy of which is attached.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sazama', with a long horizontal stroke extending to the right.

Donald R. Sazama  
President  
Pioneer Steel Corporation

Enclosure (1)



I N V O I C E

No: DET IV-134553

Date: 26Mar09

Sold By:  
PIONEER STEEL CORPORATION  
7447 INTERVALE  
DETROIT, MI 48238-2488  
Tel: 313 933 9400 Fax: 313 933-1621

Remit to:  
PIONEER STEEL CORPORATION  
DRAWER 64176  
DETROIT, MI 48264-0176

Sold To: (13686)  
GENERAL MOTORS CORP.  
ATTN:

Shipped To: (005)  
GMC-MARION PLANT  
2400 W. 2ND STREET  
MARION, IN 46932

Ship Dt 26Mar09 Ord Dt 12Dec08 SO No DZ-131852  
Term 1/2% 10, NET 30 DAYS PO/Ref TC208453  
Prt COLLECT Via PLS LOGISTICS FOB SHIPPING POINT  
Ship MICHAEL SMALL Pbl

1 6M/HOT ROLLED STEEL PLATE MFS 3083 2 PCS 133.95 SFT  
4.0000 Nom X 84.0000" X 131.9600" 24,600 LBS

PF - MFS3083

MADE FROM GM RECYCLED MATERIAL

FINISH TO 4.00 --- BEVEL AND CHAMFER PER DRAWING

MACHINE COMPLETE

RELEASE# 111-39003

PART#: 0607-10571

PR: XX1995, DB70

111-39003, 111-39003

GM TAB# 8

PROCESSING

2 PCS @ 6,000.0000 CORPORATION 12,000.00

\*\*\*\*\*  
Material Processing Freight Other Taxes TOTAL DUE  
12,000.00 12000.00  
\*\*\*\*\*  
Discount: 60.00 if paid by 10Apr09

FILE COPY